

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AF-06 ARA-06 EA-06 NEA-10

OIC-02 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 FEA-01 ( ISO ) W

----- 080161

R 271857Z MAY 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1457

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

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PASS STR

E.O. 11652: N/A

TAGS: ETRD, GATT, UK

SUBJECT: AMBASSADOR DENT'S MEETING WITH UK TRADE

SECRETARY SHORE

REF: (A) EC BRUSSELS 4584, (B) LONDON 7904

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SUMMARY: AMBASSADOR DENT DISCUSSED THE MTN WITH UK

TRADE SECRETARY SHORE ON MAY 27. BOTH SIDES EMPHASIZED CONTINUING IMPORTANCE OF THE NEGOTIATIONS, AND THERE WAS GENERAL AGREEMENT ON HOW THEY SHOULD PROCEED. SHORE RAISED THE COUNTERVAILING DUTY CASE ON FLOAT GLASS, EXPRESSED SERIOUS CONCERN, AND SAID THAT THE UK IS PREPARED AT VERY SHORT NOTICE TO SEND A TEAM OF OFFICIALS TO WASHINGTON FOR FURTHER DISCUSSIONS WITH TREASURY AND OTHER INTERESTED DEPARTMENTS. END SUMMARY

1. AMBASSADOR DENT MET WITH THE UK'S SECRETARY OF STATE FOR TRADE, PETER SHORE, ON MAY 27 FOR A GENERAL REVIEW OF THE MTN. ALSO PRESENT ON THE US SIDE WERE DEPUTY ASSISTANT SECRETARY OF STATE GLITMAN AND ASSISTANT STR LANDE. BRITISH OFFICIALS PRESENT INCLUDED DENMAN, ABRAMSON AND KNIGHTON OF THE DEPARTMENT OF TRADE, AND CORTAZZI, COMMERCIAL MINISTER AT THE BRITISH EMBASSY IN WASHINGTON.

2. AMBASSADOR DENT EXPLAINED HIS VIEWS ON THE IMPORTANCE OF THE MTN, AND ON HOW THEY COULD PROCEED BETWEEN NOW AND NEXT YEAR, FOLLOWING THE GENERAL LINES OF HIS STATEMENT TO SOAMES AND GUNDELACH OF MAY 22 (PARA 3, REF A). SHORE AGREED THAT WORLD DEVELOPMENTS SINCE THE INITIAL TOKYO MEETING HAVE ENHANCED THE IMPORTANCE OF THE NEGOTIATIONS. APART FROM THEIR SPECIFIC ACHIEVEMENTS, THEY APPLY CONTINUING PRESSURE AGAINST THE POWERFUL PROTECTIONIST FORCES THAT HAVE BEEN AGGRAVATED BY RECESSION AND UNEMPLOYMENT. SHORE NOTED THAT THE UK HAS RESISTED PRESSURE TO INTRODUCE IMPORT CONTROLS ON TEXTILES (SEE REF B). IT HAD DONE SO NOT JUST THROUGH FEAR OF RETALIATION, BUT BECAUSE OF THE EFFECT THAT CONTROLS WOULD HAVE HAD ON THE GENERAL "CLIMATE OF RESTRICTIONISM." AMBASSADOR DENT SAID HE ADMIRER BRITISH RESTRAINT AND POINTED OUT THAT THE US ADMINISTRATION HAS BEEN RESISTING SIMILAR PROTECTIONIST PRESSURES. IN THIS CONNECTION, AMBASSADOR DENT NOTED THE PROBLEMS THAT THE EC-EFTA RULES OF ORIGIN HAVE CREATED FOR CERTAIN US EXPORTERS, AND SAID THAT SOME US AUTOMOBILE PRODUCERS HAVE BEEN ADVOCATING STRICTER US ORIGIN RULES. SHORE REFERRED TO THE LIMITED OFFICIAL USE

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PROBLEMS THAT HAVE BEEN CREATED IN THE UK BY IMPORTS OF CHEAP SHOES FROM EASTERN EUROPE, AND SAID THAT AS A STOPGAP MEASURE, BRITAIN HAS PERSUADED CERTAIN EAST EUROPEAN COUNTRIES TO REDUCE THEIR LEVEL OF EXPORTS

3. AMBASSADOR DENT SAID THAT THE ADMINISTRATION IS CONFIDENT THAT ITS FISCAL AND MONETARY MEASURES HAVE LAID THE BASIS FOR A TURNAROUND IN THE US ECONOMY.

SHORE WELCOMED THIS AND SAID THAT THE UK IS COUNTING  
ON A REVIVAL OF WORLD TRADE IN 1976, AND THAT IT HAS  
DEFERRED THE FULL IMPACT OF ITS PUBLIC EXPENDITURE  
CUTS UNTIL NEXT YEAR FOR THIS REASON.

4. IN COMMENTING ON AMBASSADOR DENT'S REMARKS CONCERN-  
ING THE TIMETABLE FOR THE MTN, SHORE EXPRESSED GENERAL  
AGREEMENT WITH THE CONCEPT AMBASSADOR DENT HAD  
SUGGESTED, AGREED THAT TROPICAL PRODUCTS COULD BE ONE  
OF THE AREAS FOR POSITIVE ACHIEVEMENTS, AND SAID HE  
TOO WAS ATTRACTED BY THE IDEA OF A STANDARDS CODE.  
HE STRESSED THAT THE UK WOULD LIKE TO SEE AGREEMENT  
ON A TARIFF FORMULA AS SOON AS POSSIBLE, AMBASSADOR

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USIA-06 PRS-01 SP-02 OMB-01 /133 W

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R 271857Z MAY 75

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DENT AGREED THAT ONE SHOULD BE ADOPTED BY 1976. ON SAFEGUARDS, SHORE NOTED THAT ARTICLE XIX IS "TOO BLUNT AN INSTRUMENT," AND IS THUS ALMOST ALWAYS BY-PASSED BY COUNTRIES IN DIFFICULTY. ONE MUST WORK OUT MORE FLEXIBLE SAFEGUARD PROCEDURES, HE SAID, WITHOUT AT THE SAME TIME ENCOURAGING RESTRICTIONISM.

5. SHORE RAISED THE COUNTERVAILING DUTY CASE ON FLOAT GLASS, AND STRESSED BRITISH CONCERN OVER THE LIMITED OFFICIAL USE

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POSSIBLE APPLICATION OF COUNTERVAILING DUTIES AGAINST REGIONAL ASSISTANCE. THE BRITISH OFFICIALS SAID THAT INCREASED EXPORTS HAVE BEEN A GENERAL GOAL OF BRITISH ECONOMIC POLICIES FOR YEARS AND THAT REGIONAL POLICY WAS NO EXCEPTION. EXPORTS ARE NOT THE TEST THAT QUALIFIES A FIRM FOR REGIONAL ASSISTANCE. THE TEST IS INCREASED EMPLOYMENT.

6. AMBASSADOR DENT EMPHASIZED THAT THE US WANTS TO RESOLVE THE PROBLEM OF SUBSIDIES IN THE FRAMEWORK OF THE MTN. WE SHOULD LOOK AT BOTH SIDES OF THE ISSUE, HE SAID, AND GET SOMETHING REASONABLE FOR BOTH IMPORTERS AND EXPORTERS.

7. THE BRITISH OFFICIALS EXPRESSED CONCERN THAT IF THE FINDING IN THE FLOAT GLASS CASE IS POSITIVE, THE WAY WILL BE OPEN FOR ADDITIONAL COUNTERVAILING DUTY COMPLAINTS AGAINST REGIONAL SUBSIDIES. THEY SAID THAT THE UK IS READY AND WILLING TO SEND A TEAM OF OFFICIALS TO WASHINGTON TO DISCUSS THE FLOAT GLASS CASE FURTHER WITH TREASURY AND OTHER INTERESTED DEPARTMENTS.

8. AT THE CLOSE OF THE DISCUSSION, AMBASSADOR DENT CALLED SHORE'S ATTENTION TO SECRETARY KISSINGER'S KANSAS CITY SPEECH, AND IN PARTICULAR TO THE ROLE THAT THE MTN COULD PLAY IN DEALING WITH WORLD COMMODITY PROBLEMS. SHORE SAID HE BELIEVED THAT THE US AND UK APPROACHES TO COMMODITY PROBLEMS WERE "NOT VERY FAR APART."

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## Message Attributes

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